



TECHNICAL BULLETIN No. 012

TITLE **Contract Administration**
REVISION **Number 1**

I. Authority

- A. Applicable Administrative Code
 - A.A.C. R2-7-201 State Procurement Administrator: Duties and Qualifications
- B. Applicable Technical Bulletins
 - Technical Bulletin 003 Procurement Delegation of Authority

II. Revision Note

This Technical Bulletin revises and supersedes Policy Number 013 effective December 15, 2005.

III. Definitions

Where set forth in normal font, the following definitions are directly from the Arizona *Procurement Code*. Further definitions from sources noted are in *Italics*.

- A. **Agency Chief Procurement Officer** means person with a purchasing agency, as identified by the state governmental agency head, who is acting under specific, written authority from the State Procurement Administrator in accordance with R2-7-202 or any person delegated that authority, in writing, under R2-7-203. The term does not include any other procurement officer within a State Governmental Unit who does not have this written delegation of authority.
- B. **Assignment** means the legal transfer of the rights and obligations under a contract to another party. (Dictionary of Purchasing Terms, Fifth Edition: NIGP 1996)
- C. **Contract Administration** means those administrative actions taken to assure complete execution and compliance with the terms of the contract after the award of the contract. (SPO Glossary, 2008)
- D. **Contract Management** means the administrative activities associated with handling of contracts, such as (1) contract renewal, (2) measurement of work completed, and (3) approval of payments. It also includes the monitoring contract relationship, addressing related problems, incorporating necessary changes or modifications in the contract, ensuring both parties meet or exceed each other's expectations, and actively interacting with the



contractor to achieve the contract's objective(s). Includes contract administration activities. (SPO Glossary, 2008)

- E. **Contract Officer** means *an individual duly authorized by a CPO to enter into and administer contracts within the limits of their authority (a.k.a. Procurement Officer).* (Dictionary of Purchasing Terms, Fifth Edition: NIGP 1996)
- F. **Contract Changes** means *any modification to the contract authorized in writing by the Contract Officer. Changes may be initiated by the contractor or COR in the form of a written request to the Contract Officer. Contract changes shall only be made by the Contract Officer and shall be in the form of a written contract amendment or change order.* (Dictionary of Purchasing Terms, Fifth Edition: NIGP 1996)
- G. **Contract Officer's Representative** means *the formally designated personnel within a State governmental unit responsible for performing daily contract administration duties, such as monitoring and oversight of contractor performance or as delegated by the Contract Officer.* (Dictionary of Purchasing Terms, Fifth Edition: NIGP 1996)
- H. **State Governmental Unit** means *any department, commission, council, board, bureau, committee, institution, agency, government corporation or other establishment or official of the executive branch or corporation of this state.* (Dictionary of Purchasing Terms, Fifth Edition: NIGP 1996)

IV. Statement of Policy

Contract administration requires that all parties clearly understand the contract, cooperate and act in good faith and maintain mutual confidence and respect. The specific nature, extent and effort required to administer the contract depends on the requirements, complexity, value and importance of the contract. Simple contracts for delivery of off-the-shelf products may require minimal administration. Complex contracts may require full-time monitoring and administration. The level of effort and roles and responsibilities in administering each contract should be clearly understood by all parties before performance begins.

It is the policy of the State of Arizona that:

- A. Contract administration is a team activity, involving the contractor, the Agency Chief Procurement Officer (CPO) or the Contract Officer, and a Contract Officer's Representative (COR), if a COR has been assigned.
- B. For complex contracts that require a high level of administration, the Contract Officer should issue a delegation of authority to the COR to administer the contract. Delegations shall be in writing and shall identify the contract, customer agency, COR, terms or duties being delegated.



1. A contract administration team may be designated for contracts involving multiple customer agencies with one team member being designated as the COR.
 2. The COR may sub-delegate certain tasks to other individuals, including receiving and accepting deliverables, reviewing and authorization of invoices for payment and the conducting of periodic progress meetings. The COR shall notify the Contract Officer of any sub-delegated tasks.
- C. The CPO or the Contract Officer may designate and delegate to the COR such authority as is necessary to represent the State in the management of the contract, except neither the CPO nor the Contract Officer may delegate the following duties or authority:
1. Enter into supplemental agreements for services or materials not clearly defined in the contract, issue changes, or suspensions.
 2. Interpret the contract to add or delete requirements that are not specifically identified and priced in the contract;
 3. Modify any terms of the contract;
 4. Terminate the contract or issue demand for assurances;
 5. Make assignments; or
 6. Commit the State in any matter, except as specifically authorized.

Effective

This Technical Bulletin is hereby effective this 6th day of May, 2008, unless otherwise revised or repealed.

Statute, Administrative Rule, and Executive Orders shall prevail in the event of a discrepancy between this policy and applicable Statute, Administrative Rule, or Executive Orders.

Signature

Jean A. Clark, CPPO, C.P.M., CPPB, CPM
State Procurement Administrator